

TOWNSHIP OF SEBEWA
IONIA COUNTY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

Auditing Procedures Report V1.04

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Issued under Public Act 2 of 1968, as amended.

Unit Name	Sebewa Township	County	IONIA	Type	TOWNSHIP	MuniCode	
Opinion Date-Use Calendar	August 17, 2008	Audit Submitted-Use Calendar	August 18, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text" value="\$266,605"/>
General Fund Expenditure:	<input type="text" value="\$245,629"/>
Major Fund Deficit Amount:	<input type="text"/>

General Fund Balance:	<input type="text" value="\$174,318"/>
Governmental Activities Long-Term Debt (see instructions):	<input type="text"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Barry	Last Name	Gaudette	Ten Digit License Number	1101011050
CPA Street Address	3994 Sherwood Forest Drive	City	Traverse City	State	MI
				Zip Code	49686
				Telephone	2319468930
CPA Firm Name	Barry E. Gaudette, CPA, PC	Unit's Street Address	731 S. Garfield Ave.	City	Traverse City, MI
				LU Zip	49686

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INTRODUCTORY SECTION

TOWNSHIP OF SEBEWA
LIST OF ELECTED OFFICIALS
MARCH 31, 2008

ELECTED OFFICIALS

James A. Stank	Supervisor
Carol Leak	Clerk
LaVern E. Carr	Treasurer
Joan Guy	Trustee
Ken David	Trustee

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Members of the Township Board
Township of Sebewa
Ionia County, Michigan

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Sebewa, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Sebewa, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Sebewa, Michigan, as of March 31, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Township of Sebewa
Independent Auditors' Report
Page Two

The financial statements referred to above do not include the Management Discussion and Analysis, which is required supplementary information and should be included in order to conform with accounting principles generally accepted in the United States of America.

Barry E. Landette, CPA, PC

August 17, 2008

BASIC FINANCIAL STATEMENTS

Township of Sebewa
Government-Wide Financial Statements
Statement of Net Assets
March 31, 2008

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 303,860
Taxes receivable	13,296
Prepaid insurance	861
Due from other funds	3,111
Capital assets (net of accumulated depreciation):	
Land and improvements	9,000
Buildings and improvements	138,347
Cemetery equipment & improvements	3,901
Equipment	<u>1,797</u>
Total assets	<u>474,173</u>
 LIABILITIES	
Accounts payable	<u>103</u>
Total liabilities	<u>103</u>
 NET ASSETS	
Invested in capital assets	153,045
Unrestricted	<u>321,025</u>
Total net assets	<u>\$ 474,070</u>

See notes to financial statements

Township of Sebewa
Government-Wide Financial Statements
Statement of Activities
For the Year Ended March 31, 2008

Functions /Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General				
Government	\$ 73,814	\$ 1,640	\$	\$
Public safety	74,486	66,482		
Public works	85,726		3,641	
Parks & recreation	350			
Other	<u>9,235</u>			
Total governmental activities	<u>\$ 243,611</u>	<u>\$ 68,122</u>	<u>\$ 3,641</u>	<u>\$</u>

General revenues:
 Property taxes
 Licenses and permits
 State revenue sharing
 Interest earnings
 Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

See notes to financial statements

Net (Expense)
Revenue and
Changes in
Net Assets

Governmental
Activities

\$ (72,174)
(8,004)
(82,085)

(350)
(9,235)

(171,848)

102,694
100
87,306
8,258
294

198,652

26,804

447,266

\$ 474,070

Township of Sebewa
Balance Sheet
Governmental Funds
March 31, 2008

	<u>General</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 157,153	\$ 146,707	\$ 303,860
Taxes receivable	13,296		13,296
Prepaid insurance	861		861
Due from other funds	<u>3,111</u>	<u> </u>	<u>3,111</u>
Total assets	<u>\$ 174,421</u>	<u>\$ 146,707</u>	<u>\$ 321,128</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ <u>103</u>	\$ <u> </u>	\$ <u>103</u>
Total liabilities	<u>103</u>	<u> </u>	<u>103</u>
Fund balances			
Unreserved,			
reported in:			
General fund	\$ 174,318	\$	\$ 174,318
Capital improvement fund	<u> </u>	<u>146,707</u>	<u>146,707</u>
Total fund balances	<u>174,318</u>	<u>146,707</u>	<u>321,025</u>
Total liabilities and fund balances	<u>\$ 174,421</u>	<u>\$ 146,707</u>	<u>\$ 321,128</u>

See notes to financial statements

Township of Sebewa
Reconciliation of the Governmental Funds
Balance Sheet
With the Statement of Net Assets
March 31, 2008

Amounts reported for governmental activities in the
statement of net assets are different because:

Total Fund Balance - Governmental Funds	\$ 321,025
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Capital assets used in governmental activities
are not financial resources and therefore are
not reported as assets in governmental funds:

Cost of capital assets	191,719
Accumulated depreciation	<u>(38,674)</u>

Total Net Assets - Governmental Activities	<u>\$ 474,070</u>
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See notes to financial statements

Township of Sebewa
Statement of Revenues, Expenditures, and Changes
in Fund Balance
Governmental Funds
For the Year Ended March 31, 2008

	<u>General</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes & adm. fees	\$ 102,694	\$	\$ 102,694
Licenses & permits	100		100
Intergovernmental revenue from state:			
State revenue sharing	87,306		87,306
Annual maintenance fee	3,641		3,641
Charges for services	1,640		1,640
Interest earnings	4,448	3,810	8,258
Other revenue:			
Miscellaneous	294		294
Special assessments	<u>66,482</u>	<u> </u>	<u>66,482</u>
Total revenues	<u>266,605</u>	<u>3,810</u>	<u>270,415</u>
EXPENDITURES			
Current:			
General government	69,682		69,682
Public safety	74,486		74,486
Public works	85,726		85,726
Parks & recreation	350		350
Other	9,235		9,235
Capital outlay	<u>6,150</u>	<u> </u>	<u>6,150</u>
Total expenditures	<u>245,629</u>	<u> </u>	<u>245,629</u>
Excess (deficiency) of revenues over (under) expenditures	20,976	3,810	24,786
OTHER FINANCING SOURCES (USES)			
Transfers in(out)	<u>17,140</u>	<u>(17,140)</u>	<u> </u>
Net changes in fund balance	38,116	(13,330)	24,786
Fund balance-beginning	<u>136,202</u>	<u>160,037</u>	<u>296,239</u>
Fund balance-ending	<u>\$ 174,318</u>	<u>\$ 146,707</u>	<u>\$ 321,025</u>

See notes to financial statements

Township of Sebewa
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
To the Statement of Activities
For the Year Ended March 31, 2008

Amounts reported for governmental activities in the
statement of activities are different because:

Total net change in fund balances - total governmental funds	\$ 24,786
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded (were less than) depreciation in the current period.	<u>2,018</u>
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Change in net assets of governmental activities	<u>\$ 26,804</u>
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See notes to financial statements

Township of Sebewa
Statement of Fiduciary Funds
Fiduciary Funds
March 31, 2008

	<u>Cemetery Trust Fund</u>	<u>Tax Collection Fund</u>
ASSETS		
Cash and cash equivalents	\$ 3,671	\$ 3,111
Total assets	<u>3,671</u>	<u>3,111</u>
LIABILITIES		
Due to other funds		3,111
Due to other governmental units		
Total liabilities		<u>3,111</u>
NET ASSETS		
Held in trust for other purposes	<u>\$ 3,671</u>	<u>\$</u>

See notes to financial statements

Township of Sebewa
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended March 31, 2008

	<u>Cemetery Trust Fund</u>	<u>Tax Collection Fund</u>
ADDITIONS		
Property tax collections and fees	\$	\$ 978,116
Interest earned		<u>1,354</u>
Total additions		<u>979,470</u>
DEDUCTIONS		
Payments to general fund		169,175
Payments to other governmental units		<u>810,295</u>
Total deductions		<u>979,470</u>
Changes in net assets		
Net assets - beginning		
Net assets - ending	<u>\$</u>	<u>\$</u>

See notes to financial statements

Township of Sebewa
Notes to the Financial Statements
March 31, 2008

I. Summary of significant accounting policies

The financial statements of the Township of Sebewa (the Township) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

A. Reporting entity

The Township is governed by an elected five-member board. The accompanying financial statements present the Township's operations for which the government is considered to be financially accountable. The Township has no component units and is not responsible for any jointly governed organizations.

B. Government-wide financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from the goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when a payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township property tax is levied each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31st. Real property taxes not collected as of March 1st are turned over to Ionia County, which advances the Township 100% for the delinquent taxes.

The 2007 real and personal taxable valuation of the Township totaled \$34,070,877, on which ad valorem taxes levied consisted of .7883 mills for Township operating purposes and voted millage of 2.0000 mills for road maintenance purposes. This amount is recognized in the General Fund as current tax revenue as well as administrative fees of \$10,378 to collect the taxes and applicable interest.

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting and financial statement presentation (Continued)

There was also a special assessment for the fire district of \$66,482.

The Township reports the following major governmental funds:

The *general fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The *capital improvement fund* is a special revenue fund.

The Township reports the following fiduciary funds:

The *cemetery trust fund* is an expendable trust fund. The measurement focus of expendable trust funds is the same as for governmental funds.

The *tax collection fund* is used to account for resources held by the Township in a purely custodial capacity. Money in this fund is from current tax and special assessment collections. Timely distribution to the appropriate fund and local unit must be made in accordance with Section 43 of the General Property Tax Act.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Township did not have any proprietary funds.

When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted sources first, then unrestricted resources as they are needed.

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Short-term interfund receivables/payable

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet in the governmental fund financial statements.

3. Receivables and payables

All trade and property tax receivables are shown net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

4. Capital assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity

assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded as historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property and equipment of the Township is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Furniture and fixtures	5
Equipment	5

5. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

In the fund financial statements, governmental fund types, recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The Township of Sebewa does not have any long-term obligations.

6. Fund equity

In the fund financial statements, governmental funds report the reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (Continued)

7. Comparative data/reclassifications

If the Township had an individual enterprise fund, comparative total data for the prior year would have been presented only in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Supervisor submits to the Township Board a proposed budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - GAAP basis - general funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally adopted by the Township Board as a resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated.

II. Stewardship, compliance, and accountability (Continued)

A. Budgetary information (Continued)

4. The Supervisor is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and the capital improvement fund.
6. The budget as presented, has been amended. Supplemental appropriations were made during the year with the last one approved prior to April 1st.

B. Excess of expenditures over appropriations

For the year ended March 31, 2008, expenditures exceeded appropriations in the activities of capital outlay (the legal level of budgetary control) of the general fund by \$6,150. This overexpenditure was funded by the available fund balance in the general fund.

III. Detailed notes on all funds

A. Cash and investments

Deposits

The Township's policies regarding deposits of cash are discussed in Note 1. The table presented below is designed to disclose the level of custody credit risk assumed by the Township based upon how its deposits were insured or secured with collateral at March 31, 2008. The categories of credit risk are defined as follows:

Category 1 - Insured by FDIC or collateralized with securities held by the Township (or public trust) or by its agent in its name.

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.

III. Detailed notes on all funds (Continued)

A. Cash and investments (Continued)

Deposits (Continued)

Category 3 - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Township's name; or collateralized with no written or approved collateral agreement.

	Total Bank Balance	<u>Custody Credit Risk</u>			Total Carrying Value
		Category 1	Category 2	Category 3	
Demand deposits	\$164,740	\$100,000	\$ 64,740	\$	\$160,264
Savings	146,707	100,000	46,707		146,707
CD's	<u>3,671</u>	<u>3,671</u>			<u>3,671</u>
Total	<u>\$315,118</u>	<u>\$203,671</u>	<u>\$111,447</u>	<u>\$</u>	<u>\$310,642</u>

Investments

The Township did not have any investments as of March 31, 2008.

A reconciliation of cash as shown on the statements of net assets follows:

Carrying amount of deposits	<u>\$ 310,642</u>
Cash and cash equivalents:	
General fund	\$ 161,628
Capital improvement fund	146,707
Cemetery Trust funds	3,671
Tax Collection fund	3,111
Checks written in excess of deposits	<u>(4,475)</u>
Total	<u>\$ 310,642</u>

B. Receivables

The Township does not have any material receivables as of March 31, 2008.

III. Detailed notes on all funds (Continued)

C. Capital assets

Capital asset activity for the year ended March 31, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land & improvements	\$ 9,000	\$	\$	\$ 9,000
Capital assets, being depreciated:				
Buildings & improvements:				
Township hall	172,210			172,210
Cemetery building	4,359			4,359
Cemetery equipment & improvements	21,938	4,153	(21,938)	4,153
Equipment	20,074	1,997	(20,074)	1,997
Total capital assets being depreciated	218,581	6,150	(42,012)	182,719
Less accumulated depreciation for:				
Buildings & improvements:				
Township hall	(30,183)	(3,680)		(33,863)
Cemetery building	(4,359)			(4,359)
Cemetery equipment & improvements	(21,938)	(252)	21,938	(252)
Equipment	(20,074)	(200)	20,074	(200)
Total accumulated depreciation	(76,554)	(4,132)	42,012	(38,674)
Total capital assets, being depreciated, net	142,027	2,018		144,045
Governmental activities capital assets, net	<u>\$ 151,027</u>	<u>\$ 2,018</u>	<u>\$</u>	<u>\$ 153,045</u>

III. Detailed notes on all funds (Continued)

C. Capital assets (Continued)

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	<u>\$ 4,132</u>
Total depreciation expense-	
governmental activities	<u>\$ 4,132</u>

D. Interfund receivables, payables, and transfers

Interfund transfers:

	<u>Transfer In:</u>	
Transfer out:	<u>General Fund</u>	<u>Total</u>
Capital improvement fund	<u>\$ 17,140</u>	<u>\$ 17,140</u>
Total transfers out	<u>\$ 17,140</u>	<u>\$ 17,140</u>

The composition of interfund balances as of March 31, 2008, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Tax collection	<u>\$ 3,111</u>

IV. Other information

A. Risk management

The Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and employee injuries (workers compensation).

The Township has purchased commercial insurance for all risks of loss. Settlements claims have not exceeded coverages for each of the past three fiscal years.

IV. Other information (Continued)

B. Pension plan

The Township paid \$4,696 (employer and employee) to fund a defined contribution pension plan for its salaried employees for the fiscal year 2007/08. The plan is funded by both the employees (25%) and the Township (75%). The pension plan was effective as of April 1, 1984. There is no minimum age or service requirement. Voluntary non-deductible contributions are allowed between 1% to 10% of compensation. Vesting is 100% upon completion of 20 months of service. The vested benefit attributable to employer contributions is available in cash. The normal retirement age is when attaining age 65 or if later on the 10th anniversary of entry date. An optional retirement is permitted any time after age 55.

Required Supplementary Information

Township of Sebewa
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget Positive (Negative)</u>
REVENUES				
Property taxes and related fees	\$118,427	\$ 118,427	\$102,694	\$ (15,733)
Licenses & permits	800	800	100	(700)
Intergovernmental revenue from state:				
State revenue sharing	82,000	82,000	87,306	5,306
Annual maint. fee			3,641	3,641
Charges for services	2,000	2,000	1,640	(360)
Interest earnings	3,000	3,000	4,448	1,448
Other revenue:				
Miscellaneous	500	500	294	(206)
Special assessments	66,685	66,685	66,482	(203)
Total revenues	<u>273,412</u>	<u>273,412</u>	<u>266,605</u>	<u>(6,807)</u>
EXPENDITURES				
Current:				
General government:				
Township board:				
Salaries	3,000	3,000	3,000	
Office expenses	13,000	13,000	13,104	(104)
Association dues	900	900	825	75
Conferences & schooling	5,000	5,000	850	4,150
Printing & publishing	1,600	1,600	435	1,165
Total township board	<u>23,500</u>	<u>23,500</u>	<u>18,214</u>	<u>5,286</u>
Supervisor	3,500	3,500	3,500	
Treasurer	11,200	11,200	11,200	
Assessor	7,700	7,700	7,700	
Clerk	11,200	11,200	11,200	
Elections	3,300	3,300	334	2,966
Hall & grounds	5,000	5,000		5,000

Township of Sebewa
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2008
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget Positive (Negative)</u>
EXPENDITURES				
(CONTINUED) :				
Current:				
General government				
(Continued):				
All other general government:				
Board of review	700	700	700	
Audit fees	3,000	3,000	2,600	400
Attorney services	500	500		500
Insurance-general	5,000	5,000	4,043	957
Cemetery:				
Salaries	5,500	5,500	5,500	
Supplies & grave openings	5,500	7,900	4,691	3,209
Total all other general government	20,200	22,600	17,534	5,066
Total general government	85,600	88,000	69,682	18,318
Public safety:				
Fire district	66,685	66,685	66,481	204
Ambulance	15,000	15,000	8,005	6,995
Total public safety	81,685	81,685	74,486	7,199
Public works:				
Drain at large	10,000	10,000	3,387	6,613
Roads	69,900	82,900	82,339	561
Total public works	79,900	92,900	85,726	7,174
Parks & recreation:				
Park services	500	500	350	150

Township of Sebewa
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2008
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
				<u>Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
EXPENDITURES				
(CONTINUED) :				
Current:				
Other:				
Insurance:				
Disability	4,000	4,000	377	3,623
Workmen's comp.	1,200	1,200	837	363
Pension	6,000	6,000	4,696	1,304
Payroll taxes	4,500	4,500	3,325	1,175
Capital outlay			6,150	(6,150)
Total other	<u>15,700</u>	<u>15,700</u>	<u>15,385</u>	<u>315</u>
Total expenditures	<u>263,385</u>	<u>278,785</u>	<u>245,629</u>	<u>33,156</u>
Excess (deficiency) of revenues over (under) expenditures	10,027	(5,373)	20,976	26,349
OTHER FINANCING				
SOURCES (USES)				
Transfer in			17,140	17,140
Net change in fund balance	10,027	(5,373)	38,116	43,489
Fund balance-beginning			136,202	136,202
Fund balance-ending	<u>\$ 10,027</u>	<u>\$ (5,373)</u>	<u>\$174,318</u>	<u>\$ 179,691</u>

See notes to financial statements

Township of Sebewa
Capital Improvement Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u> <u>Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Interest earnings	\$ 1,000	\$ 1,000	\$ 3,810	\$ 2,810
Total revenues	1,000	1,000	3,810	2,810
EXPENDITURES				
Current:				
Public works:				
Road commission				
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	1,000	1,000	3,810	2,810
OTHER FINANCING SOURCES (USES)				
Transfer (out)			(17,140)	(17,140)
Net change in fund balance	1,000	1,000	(13,330)	(14,330)
Fund balance- beginning	163,961	163,961	160,037	(3,924)
Fund balance- ending	<u>\$ 164,961</u>	<u>\$ 164,961</u>	<u>\$146,707</u>	<u>\$ (18,254)</u>

See notes to financial statements

COMMENTS AND RECOMMENDATIONS

Members of the Township Board
Township of Sebewa
Ionia County, Michigan

My examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

COMMENTS AND RECOMMENDATIONS:

- 1) The Township Board approved obtaining a credit card this fiscal year. The Board should adopt a credit card policy, which should also include any vendor credit cards.
- 2) The Township should adopt an investment policy. Although this was done in a prior year, the policy cannot be located.
- 3) The Township reimburses employees and board members on a monthly basis for travel, rent, and other expenses. Currently the documentation is written on a single sheet of paper for all expenses. I suggest that the Board adopt an expense report that each individual complete each month and is signed by that individual.

This letter supplements the information in the Financial Statements and Notes to Financial Statements. It is intended solely for the use of the Township Board and the Michigan Department of Treasury and should not be used for any other purpose.

Barry E. Gaudette, CPA, P.C.

August 17, 2008